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ABSTRACT

The planning, programming, budgeting system (PPBS) is an instrument to help policy-makers assign priorities and allocate resources. It does not seek to computerize what is essentially a political process, nor is it intended that the statisticians and cost accountants take over functions that properly belong to the political decision-maker. PPBS is a method of organizing information in a more effective way for decision-making, with the aid of modern analytical techniques. The principal elements of any PPBS are: (1) the precise identification of program objectives; (2) systematic consideration of alternative means of reaching those objectives in terms of their relative benefits and costs; (3) forecasting the future-year cost implications of present decisions. In addition to explaining the PPB System, this monograph attempts to dispel exaggerated claims and misconceptions and describes some of the practical problems accompanying implementation. (Author/DW)

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PPBS for State and Local Officials

by

STEPHEN I. GROSSBARD

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PPBS FOR STATE AND LOCAL OFFICIALS

BY

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PREFACE

During the year 1968, Dr. Grossbard was employed by the U. S. General Accounting Office where he participated in a survey of the progress of federal agencies in implementing the planning, programming, budgeting system. Much of the information and many of the conceptual ideas contained in the following pages are based on materials, ideas and documentation generated during that survey.

A number of notable political scientists, economists and public administrators have made contributions to the literature of PPB which are eminently useful to the comprehension of the system. Parts of this paper represent an assemblage of what the author considers to be the most lucid and perceptive of their comments.

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Richard J. Wolfert
State Librarian
January 1974

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INTRODUCTION

Dramatically increasing public expenditures have necessitated a search, on the part of state and local governments, for more effective and efficient ways to use available resources. The tax and manpower resources needed to support public services are clearly limited. As expenditures rise and available tax resources are stretched, the public increasingly is demanding justification for all public service costs.

Against this background, state and local officials are becoming cognizant of the need for a more responsive and timely system that will effectively communicate to the public the costs of governmental program outputs. They need a system that will allow for better decision making, alternative selections, planning, and forecasting. PPBS (planning, programming, budgeting system) appears capable of meeting these needs.

The emergence of PPBS along the lines that have been established stems from two other sources as well. First, the resources of government are always less than are needed to accomplish all of the things that government would like to do and that should be done. Therefore, among competing claims on resources, governments *must* choose those which contribute most to governmental objectives, and those choices must be made with a degree of rationality that will insure maximum use of scarce resources.

Second, governmental programs rarely have an automatic regulator that indicates when an activity has ceased to be productive or could be made more efficient or should be displaced by another activity. Private business relies on profits and competition to furnish the needed incentive and discipline and to provide a feedback on the quality of decisions. The system is imperfect, but basically sound in the private sector; it is virtually nonexistent in government.

Dwight Waldo, writing in 1969, termed PPBS the "happening of the decade in public administration." While the concept is indeed popular among public administrators, this writer is convinced that it has been anything but a "happening," in a practical sense, at the state or local level. This writer is also of the opinion that PPBS has not taken root in state and local government largely because of some fundamental misunderstandings about its intent and applications.

The purpose of the following monograph, therefore, is a threefold one: first, to explain the PPB System and its applications; second, to

attempt to dispel certain exaggerated claims and misconceptions about PPB; and third, to describe some of the practical problems frustrating efforts to fully implement the system.

While the ensuing pages may be familiar ground for those who are deeply immersed in the implementation of PPB, this publication is not directed primarily to such persons. Rather, it is designed largely for the public official who has not had the time or the inclination to fully explore this management innovation.

Finally, it should be noted that this paper is by no means an exhaustive study of the subject; nor can it serve as a how-to-do-it manual. It is intended merely to stimulate renewed interest in and further investigation of a complex, but highly important system.

I.

DEVELOPMENT OF PLANNING, PROGRAMMING, BUDGETING: AN OVERVIEW

The budgetary process in the United States has undergone an historical evolution from line-item budgeting to the current planning, programming, budgeting system. Three discernible stages of development have been identified. The first stage was control oriented, the second stage was management (or performance) oriented, and the last (i.e., the present) stage is now becoming planning oriented.

Line-Item Budgeting

The line-item type of budget is still used by many governmental agencies and municipalities. Most municipal budgets operate on a twelve-month fiscal year with revenues and expenditures for the present year usually based on previous experience. This type of budget is reviewed concerning its reasonableness and its demands for a particular period. The positive characteristics of this type of budget are as follows:

1. It does provide for some control of work.
2. It casts budget categories in terms of organizational units and characters of expense.
3. It provides effective control over administration.

The traditional line-item budget grew out of the need for accountability in government, and many of the budget systems today remain just that—a tool for accountability purposes.

One of the greatest values of this traditional budget is that the cycle is repeated every year, thus forcing regular review of activities and service policies. The danger inherent in cyclical budgeting, however, is that it can invite short-run thinking and a tendency to postpone necessary expenditure increases or revenue measures to some future budget period.

The problem with the traditional budget is that it does not do enough. Some of its limitations include:

1. difficulty in relating budgeting to objectives;
2. poor basis for resource allocation;
3. low visibility into the impact of decisions for future years' budgets;
4. difficulty in relating expenditures to accomplishments;
5. difficulty in objectively comparing alternative ways of accomplishing objectives;
6. lack of integration among planning, budgeting and control.

State and city governments are viable institutions that have existed for many years. The budget for any current cycle is inevitably greatly affected by past commitments, established levels of service, the existing

organizational structure, and current methods of operation, any of which may not be entirely satisfactory.

Budgeting should be a continuing process and it appears that the traditional line-item budget does not meet this test.

Performance Budgeting

The second stage of budgeting (1935 to about the late 1950's) was management (or performance) oriented. The management orientation, paramount during this period, made its mark in the reform of the appropriation structure, the development of management improvement and work measurement programs, and the focusing of budget preparation on the performance of the prescribed activities of each organizational unit.

In the federal government, the President recommended and the Congress appropriated budgetary funds among various kinds of activity: the granting of patents, the collection of taxes, the construction of water resource projects, and so forth. But within each line of activity, program managers were free to shift resources to insure maximum effectiveness. This represented a substantial change from the traditional appropriations structure which specified how much would be spent on rent, travel and personnel.

Progress in the federal government was made during this period in reducing the detail in which appropriations were made. For example, just before the Second World War there were some 2,000 individual appropriations; by 1955 this number had been reduced to 375.

Stated differently, a performance budget is an expression in financial terms of the major activities or functions of a unit. The description of each program in the budget is based upon the job to be performed rather than upon the objects of expenditure which are required to do the job. The description lays emphasis on the job itself, its size, and what is required to accomplish it. While such a budget still expresses the operations of a government in terms of input—that is, personnel to be hired, services to be paid for, or goods to be bought—the use of the term "performance budget" also implies that the outputs of the various governmental units will be measured in some objective fashion, in order that their performance may be evaluated. Thus, the concept of a performance budget implies that the budget will be organized by programs or activities and, second, that there will be an expression of estimates and accomplishments in quantitative terms.

In order to develop a performance budget, the legislative body needs information such as the following:

1. What are the agency's objectives; for what reason does the agency ask for appropriations; what services does the agency render to justify its existence?
2. What programs or activities does the agency use to achieve its objectives?
3. What volume of work is required in each of the activities?

4. What has been the level of service which past appropriation ordinances have provided?
5. What level of service may the legislators and the taxpayers expect if the requested amounts are appropriated?

The answers to the last three questions should be expressed in meaningful units of service and in the cost of those units.

The performance budget is now in use in many governmental jurisdictions.

Planning, Programming, Budgeting

The most recent development in the budgetary process has been the formulation of a planning, programming, budgeting system (PPBS). PPB, then, is not a revolutionary new system: it has evolved gradually from other budgetary and fiscal planning concepts. Two earlier movements, in addition to performance budgeting, contributed significantly to its evolution: 1) efforts at the federal level to integrate planning and budgeting, and 2) attempts to build a scientific, cost-utility framework within which the allocation of public funds would be made. This latter movement became known as welfare economics.

PPB gained a real foothold, however, through the introduction of a series of new decisional technologies into the Department of Defense (DOD), e.g., operations research, cost-benefit analysis, systems analysis, etc. These new thrusts, which were largely the result of the efforts of the Rand Corporation, eventually culminated in the rudiments of what is referred to today as a PPB system.

PPB was considered to have worked so well in the DOD that in 1965 President Johnson ordered federal civilian agencies to implement the system. In announcing the introduction of this system in August, 1965 the President stated that once in operation, it would enable the government to:

1. identify national goals with precision and on a continuing basis;
2. choose among those goals the ones that are most urgent;
3. search for alternative means of reaching those goals most effectively at the least cost;
4. inform ourselves not merely on next year's costs—but on the second, and third, and subsequent years' costs—of federal programs;
5. measure the performance of programs to insure a dollar's worth of service for each dollar spent.

The overall objective of the PPB system, as initiated in 1965, was to correct certain shortcomings in the planning and budgeting systems in federal agencies. These shortcomings were identified by the Bureau of the Budget as follows:

1. Program review for decision making had frequently been concentrated within too short a period.
2. Objectives of agency programs and activities had too often not been specified with enough clarity and correctness.

3. Accomplishments had been insufficiently presented for consideration by top management.
4. Future years' costs had not in all cases been laid out systematically enough.
5. Formalized planning and system analysis had too little effect on budget decisions.

The initial instructions concerning PPB from the Bureau of the Budget to executive agencies were contained in DOD Bulletin No. 66-3, dated October 12, 1965. Each agency was required to develop a series of output-oriented categories (commonly referred to as program structures) covering the total work of the agency; a comprehensive multi-year Program and Financial Plan; and several types of analyses including Program Memoranda and Special Studies.

Built into the PPB System are procedures designed to improve rationality in decision making. These procedures may be summarized as follows:

1. establishing goals and objectives after observations;
2. designing alternative means to arrive at established objectives;
3. predicting the consequences of each alternative;
4. selecting preferable alternatives in terms of the most valued ends and the least costs.

In addition, by weighing decisions that are made in terms of what must be achieved to what must be invested, PPB provides *procedures* to improve *efficiency*.

In performance budgeting, there is hardly any evidence that the budget narratives and analysis contained therein have been used for decision making; rather, they seem suited for giving the uninformed outsider some glimpses of what is going on. In contrast, PPB provides an objective basis for evaluating the cost utility of expenditures on an on-going basis.

Finally, by providing procedures to eliminate overlapping and redundant activities and by exposing ineffective employment of resources, a PPB system also strives to improve economy in government operations.

Fallacies, Naïveté and Confusion

Since its introduction in 1965, PPBS has received widespread attention among public officials throughout the Country. It has been instituted with varying degrees of success in a great many federal agencies, in state government, and in local jurisdictions (including school districts). However, while the introduction of PPB was accompanied with great fanfare, the implementation of the new system has proceeded with considerably less than the "smooth sailing" anticipated by its proponents. In fact, efforts to implement the system have been consistently

stymied by confusion, ambiguity and misconceptions about what it is and what it can do. Bertram Gross offers some incisive observations on this situation.

> As with any significant innovation, it has been met by both inertia and hard-fought resistance—particularly among old-time budget personnel. This has led to ritualization, overformalization, and overdocumentation. Indeed, the flood of PPB paperwork, clogging the channels of government communication, has in some cases threatened the very capability for rational action that it was supposed to enhance.[1]
>
> PPB was initiated, as with many other managerial techniques, in a burst of grandiose claims of breakthroughs and exaggerated application to irrelevant situations. It has been pioneered by many technical specialists who—with little understanding, less interest, and no experience in general management—tend to propagate the "fallacy of management (or administration) as technical gadgetry."[2]

In addition, those responsible for the introduction and use of PPB as a new management tool often fail to emphasize, or even sometimes ignore, one very important aspect of the system—that PPB must operate within the constraints of a political environment and therefore has implications for politics and policy making. In other words, PPB does not and cannot operate in a neutral, value-free environment. The PPB system is only as good as the political decision makers and the bureaucratic setting will allow it to be.

Finally, added to the above problems is the fact that PPB has been caught in a jungle of verbiage and semantics.

> Into the older jargons of budgeting, accounting, and efficiency engineering have been mixed new terms from micro-economics, systems engineering and business management . . . "System," "output," "planning," and "programming" have become "fad words," used with a false sophistication that often masks narrow-minded naiveté. In fact, there seems to be an unspoken "gentleman's agreement" that basic terms need never be defined.[3]

Indeed, PPB technicians are becoming so absorbed in the process of implementing the various component elements of the system that they are losing sight of the purpose of the system itself. What follows then, in this and the ensuing chapters, is an attempt to define and describe PPB—its purposes and its key conceptual elements. For without a firm grasp of these essentials, the prospects for proper implementation of the system remain dim.

PPBS Defined

It is critical to the understanding of PPB to establish from the outset what the system is *not* as well as what it is. To begin with, PPB should not be considered a panacea for the present shortcomings of financial planning and budgeting at the state and local levels.

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[1] Bertram M. Gross, "The New System Budgeting," *Public Administration Review*, (March/April 1959), p. 115.

[2] *Ibid.*, p. 115 (part of which is quoted from United Nations Department of Economic and Social Affairs, Public Administration Branch, *The Administration of Economic Development Planning: Principles and Fallacies*, United Nations, New York, 1966 [ST/TAO/M/32], p. 12.)

[3] *Ibid.*, p. 115.

Secondly, it should not be construed as an overwhelmingly complete system requiring sophisticated computer applications. Thirdly, it is not a system designed to replace human judgment or political decision making.

PPB is, however, a tool or an instrument to help policy makers assign priorities and allocate resources among competing activities. It constitutes an attempt to integrate policy formulation with budgetary resource allocation and to provide a means for regularly bringing systematic analysis to bear on both of these crucial processes.

In a very practical sense, PPB represents a rational means of fusing together fundamental concepts and techniques that have been in use for years in governmental jurisdictions—planning, programming and budgeting.

II.

PROGRAMS AND PROGRAM STRUCTURES

As a first step, PPB calls for a careful specification and analysis of basic program objectives in each major area of governmental activity. Within the context of PPB, "a program is a package which encompasses each and every one of the agency's efforts to achieve a particular objective or set of allied objectives."[4] If the objective were to provide for highway safety, the program would be composed of all agency activities and expenditures put to that purpose.

The use and meaning of the term "program" as part of PPB is different from its traditional usage. Before the introduction of PPB, the word *program* was used to connote or describe functions, activities or disciplines. To illustrate, under the old usage of the term, such activities as "purchasing," "property management," "data processing," and other such functions were called programs. This habit of characterizing what are essentially processes as programs persists even now, probably because the new use of the term *program* within a PPB system is still misunderstood.

"Individual activities, functions, and professional disciplines," according to Samuel M. Greenhouse, "are the very antitheses of programs in the PPBS sense."[5] As he points out:

> The whole PPBS idea is to facilitate the drawing together, the summation of all agency efforts to meet particular objectives, so that the validity of each program may be assessed in terms of overall approach, dimension, and costs and may be compared with other competing programs, potential or existing.[6]

The development of a program structure is a prerequisite for the implementation of a PPB system in any agency, and the development of

[4]Samuel Greenhouse, "The Planning Programming Budgeting System: Rationale, Language, and Idea Relationships," *Public Administration Review*, (Dec. 1966), p. 273.

[5]*Ibid.*, p. 273.

[6]*Ibid.*, p. 273.

a government-wide program structure is believed by some observers to be a prerequisite for the realization of the full utility of PPB.

A program structure is an output-oriented (this term is used interchangeably with mission-oriented or objective-oriented) format which presents data on all of the operations and activities of an agency or department in categories which reflect the agency's purposes and/or objectives. In other words, agency programs which have substantially the same broad objectives are grouped together, and succinct headings which describe these objectives are applied to each grouping.

These output-oriented categories, which together should reflect the total work of the agency, will then serve as a basic framework for planning, programming, and budgeting processes (including systematic analysis, reporting, multi-year forecasting of program outputs and costs, and evaluation of accomplishment) and for relating these processes to each other. A program structure also should take into account the requirements for facilitating accounting, informing the public, allocating resources, and decision making.

Traditional budgetary approaches tended more or less inevitably to emphasize program inputs or resources requirements. Budget data were organized by objects—personnel, compensation, travel, supplies, materials, and other objects of expenditure. In evaluating budget proposals a natural inclination was to focus on the reasonableness of a proposed allocation between these objects. A major purpose of PPB is to overcome this inclination and to assure that the budget process focuses on overall program objectives and the alternative ways of meeting these objectives.

The fundamental standard of highlighting objectives was very adequately provided for in the Bureau of the Budget guidance to all federal agencies which were developing program structures after 1965. These guidelines are just as applicable to state and local governmental agencies.

The Bureau of the Budget, while providing elementary guidance, left to the various agencies the basic discretion as to how their respective program structures would be developed. The initial instructions (October 12, 1965) from the Bureau to the agencies on their program structures were limited to such considerations as the following:

1. The program structure should be output-oriented and should present data on all the operations and activities of the agency in categories which reflect the agency's end purpose or objectives.
2. It may be desirable to have the basic program categories cut across bureau lines to facilitate comparisons and suggest possible trade-offs among elements which are close substitutes. It is desirable to develop program formats which facilitate comparisons across agency lines.
3. To facilitate top-level review, the number of program categories should be limited. For example, a cabinet department should normally have fewer than 15 program categories. Agencies were

advised by the Bureau in April 1968 that an agency generally should have between five and ten categories.

4. Program categories and subcategories should not be restricted by the present appropriation pattern or budget activity structure.

As goals, objectives and priorities of agencies shift with time and circumstances, it may be necessary for PPB program structures to reflect these changes if such structures are to be an aid in making resources allocation decisions.

Structure and Agency Organization

Bureau of the Budget guidance to the agencies in 1965 discussed the question of the relationship of the agency program structures to their organizational structures.

They indicated that it did not necessarily follow that those agencies whose program categories closely resembled their organizational structures had not properly structured their program categories or that an agency whose program categories cut across organizational lines had a better program structure. A close parallel between program categories and organizational units may simply reflect the fact that an agency's organization before introduction of PPB followed program lines in a way which seemed most useful to the agency's decision makers.

It is important to remember that a purpose of PPB is to provide categories of programs which should be considered simultaneously when major programmatic decisions are made.

To illustrate, the objective of an intercity highway program is not to build highways. Highways are useful only as they serve a higher objective, namely, transporting people and goods effectively, efficiently and safely. Once this is accepted as an objective, it becomes possible to analyze and to determine from among alternative programs that one which provides the most effective and efficient means of achieving the stated objective. Still further, on a larger scale, it becomes possible to analyze aviation, railroads and highways to determine the most effective network of transportation. But so long as we think of the ultimate objective of a roads or highway program as simply laying concrete, this comparison of alternative programs (or alternative transportation systems) is impossible.

At the same time, while we want to view our objectives broadly, we are not helped at all by stating them too broadly. Highways or transportation, for example, may contribute to the *"good life,"* but to take this as our sole stated objective does not tell us anything useful about the desirable rate of highway or road building, the character of the roads, their locations or even their relationships to other elements of our transportation system. In the case of highways, we want a specification of objectives broader than "laying concrete" but narrower than "providing for the good life."

In fact, there is a constant interaction between the decision process and our knowledge of our true objectives. Often, the more we learn

about how to reach an objective, the more clearly we begin to understand the objective itself.

What follows is an example of a program structure for a *State Highway Safety Program Area.* The following formulation also would be applicable to the problem of highway safety at levels of government other than the state level. In urban areas, the pedestrian safety aspect of traffic safety is likely to be sufficiently larger; hence an additional program category covering pedestrian safety should be included.

Context for the State Highway Safety Program[7]

Objectives for Highway Safety

We have elected to examine one facet of transportation, highway safety. A tentative general objective for the highway safety program would be:

—the reduction of loss of life, incidence and severity of injury, and loss of property due to highway accidents.

We must emphasize again that this objective cannot be pursued in a vacuum. Progress toward the objective of highway safety must be balanced against progress toward other, possibly conflicting, objectives in transportation and related areas (*e.g., relocating residents of an area through which a new, more safely-designed highway network is to run*).

In structuring a framework for the planning of highway safety, we choose to break down the total program area into six major categories. (See *Table I* for the total program structure.) The first three of these are concerned with prevention of accidents through programs relating to (1) the driver, (2) the vehicle, and (3) the system of highways (or more broadly, the environment in which the driver and vehicle operate). The fourth major category is concerned with reducing the consequences of those highway accidents that cannot be prevented. The fifth and sixth categories cover research, planning and evaluation and supportive services respectively. Our initial formulation of the problem assumes that the characteristics of each of the components of the motor vehicle transportation system taken separately have an effect on progress toward the goal of highway safety. In each of these areas ultimately we intend through analysis to obtain better information on what the state can do to influence safety.

In this effort, it is recognized that the state already does much through such activities as the enactment and enforcement of traffic laws, encouragement of driver training, examination of driver skills, and promotion of safety campaigns. In the long run, the use of planning-programming-budgeting is intended to promote analysis of those activities in order to plan a balanced program directed toward effective highway safety within the objectives of a good transportation system. Our goal is to gain insight into where new programs should be implemented, where programs should be improved or expanded, and where they should be reduced or eliminated.

---

[7]The example of Highway Safety Structure is to be found in the following source: *State-Local Finances Project: Planning-Programming-Budgeting for City, State, County Objectives, PPB Note 10.* George Washington University, Washington, D. C., 1968, p. 2-4.

Italics are used to denote this author's addition.

TABLE I

PROGRAM STRUCTURE FOR HIGHWAY SAFETY

A. Maintenance/Improvement of Driver Quality
   1. Proficiency and Physical Capacity
      a. Minimum Standards
      b. Improvement
   2. Performance of Qualified Drivers
      a. Minimum Standards
      b. Improvement

B. Maintenance/Improvement of Vehicle Safety Characteristics
   1. Minimum Standards
   2. Improvement

C. Maintenance/Improvement of Highway System Safety Characteristics
   1. Elimination of Hazards in Design
   2. Elimination and/or Control of Hazardous Locations
   3. Elimination and/or Control of Temporary Hazards

D. Post-Accident Protection
   1. Vehicle Protective Characteristics
   2. Emergency Services

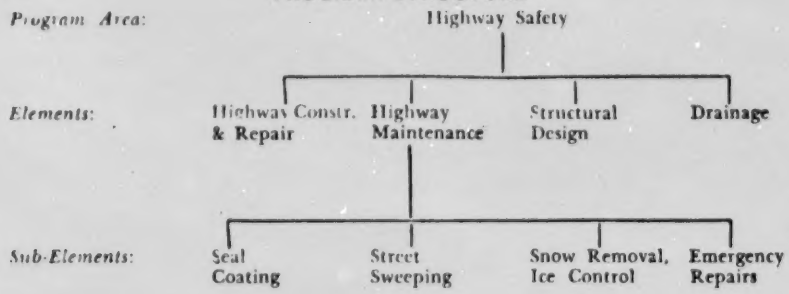
E. Research, Planning, and Evaluation

F. Administration and Support

Source: State-Local Finances Project, PPB Note 10, p. 3.

Viewing the same PROGRAM AREA—Highway Safety—from a local government perspective, it might be tied in largely with the activities of the Public Works Department and possibly with some input the Police Department. Within this context, a program structure for a Department of Public Works might have as a PROGRAM AREA—*Highway Safety*. This program can also be broken down to include specific activities which are being performed to support it. Such activities are called program ELEMENTS (e.g., Highway Construction and Repair, Highway Maintenance, etc.). ELEMENTS can finally be broken down into SUB-ELEMENTS such as Street Sweeping, Seal Coating, etc. The following chart depicts a typical program structure for one program area of a local Department of Public Works.

PROGRAM STRUCTURE



A Government-Wide Program Structure

While almost all the major federal agencies have adopted program structures to facilitate their own resource allocation decisions, a government-wide structure has not been created. A government-wide structure would presumably provide a framework for program trade-offs across agencies, just as an individual agency's structure provides a framework for such trade-offs across the organizational subunits of that agency.

There are difficulties, however, in creating a government-wide program structure. First and foremost, there are likely to be inconsistencies among the program structures created by the different agencies. Such differences are readily apparent in relatively simple matters such as the size of individual agency categories, nomenclature, and functional classifications. These difficulties are likely to be apparent when an attempt is made to combine categories and subcategories across agency lines.

Thus, although a government-wide program structure is an attractive goal, there are numerous obstacles to its creation. These obstacles involve practical considerations of agency organization, information systems, and program interdependencies. The costs of overcoming some of these obstacles might exceed the benefits which would be gained.

Summary

The purpose of this part of the PPB operation is to force governmental agencies to stand back from their particular functional activities and to look at their basic objectives; what are they really trying to accomplish and what alternative means are available for the accomplishment of those objectives?

All other considerations in the creation of a program structure derive from the fundamental purpose of the structure, as stated above. It can be said, for example, that all functions and activities of an agency should be encompassed by the program structure regardless of the organizational placement. This is clearly a necessity if the resource allocation purpose is to be achieved. Beyond such elementary guidance, however, there is latitude for considerable disagreement as to what might be appropriate standards for an agency's program structure.

III.
AGENCY POLICIES

It is possible for agencies to have effective and efficient management systems, such as the PPB system, without written policies. However, the relative formalism which is an essential ingredient of the PPB system makes it desirable for agencies to have certain of their basic policies made explicit in written form. In jurisdictions where PPB responsibilities are decentralized and analyses are made at various organizational

levels, the case for written policies and procedures is stronger than in jurisdictions where analytical staffs are small and centralized.

The responsibility for the development and the use of PPB systems should rest with the head of each agency and/or the chief executive. Agency heads should take such action as is necessary to insure that line managers participate in the operation of the PPB system.

Written Agency Policies

The purpose of written guidance on PPB matters is to convey important policy and procedural decisions throughout the entire jurisdiction. When this is done effectively it enhances the quality and uniformity of the analysis process, allowing more direct comparability of analyses made by different analysts at different times. Certain matters, which are discussed below, are so basic that all agencies should be expected to have written guidance pertaining to them:

1. guidance on major PPB documents;
2. guidance on environmental assumptions;
3. guidance on analytical matters;
4. documentation required for PPB studies.

The PPB Cycle

The activities within the governmental agencies associated with the performance of PPB responsibilities follow a cyclical pattern which is repeated annually in connection with the ongoing processes of planning, programming, and budgeting. While these activities vary in some particulars among the agencies, they are identical in important respects as to time and performance. That is to say, most agencies produce certain information and documentation at about the same time in the PPB cycle.

The Major PPB Documents

A description of the annual PPB cycle must necessarily refer to the three major types of documents produced by the PPB system.

(1) *The Multi-Year Program and Financial Plan* (PFP) presents in tabular form, and for a period of several years, pertinent data relating to the outputs, costs and financing of agency programs. This data is usually presented in a set of tables that reflect critical decisions relative to agency programs. The outputs and costs are shown for each program and program element (grouped in terms of the program structure) for each year of the planning period covered by the PFP—generally the fiscal year just past, the current fiscal year, the next fiscal year, and at least four future years. Projections for the years beyond the next budget year are included primarily to show the future implications of current and past decisions. Such projections are not designed to predict comprehensively future budget totals for agencies or for major programs. The PFP should be revised as necessary for use within the agency to reflect major changes in the program plans taking place.

PPB puts heavy stress on future planning and programming, i.e., outlining a program of action in each major area of governmental ac-

tivity for the next five or ten years. One cannot address the problems that face society and governments in terms of what can be done in a single fiscal year. A reasonable decision-making process must, therefore, provide the decision maker with a perspective larger than the next fiscal year.

It should be understood, however, that the future years' part of the plan is not considered a firm decision or commitment, except where certain kinds of current decisions bind governments to future years' outlays. The PFP is the document or tool which serves as an aid or guide to such future planning. (Table II is a generalized diagram of this cycle.)

(2) *Program Memoranda* (PM's) are prepared annually on major issues confronting an agency. PM's are often prepared by agencies for each of their program categories. However, in practice, a PM may cover only part of a program category or cut across several program categories. PM's therefore do not necessarily cover an agency's entire program.

A PM is intended to show, in the space of about twenty pages or less, what choices among alternative programs an agency head has made, why they were made, the major program recommendations of the agency for the upcoming budget, and the strategy underlying those program recommendations. In short, it is intended to integrate the objectives of the agency program with specific decisions made on program issues for the budget year.

(3) *Special Analytical Studies* (SAS's) are prepared to provide the analytical groundwork for the decisions reflected in the PM's. A study may cover a specific aspect of a program category or may cut across program category lines. Each is intended to provide the agency head and the chief executive with information for making decisions among the alternative ways of achieving program objectives. There is no established format or length for these studies.

Guidance on Environmental Assumptions

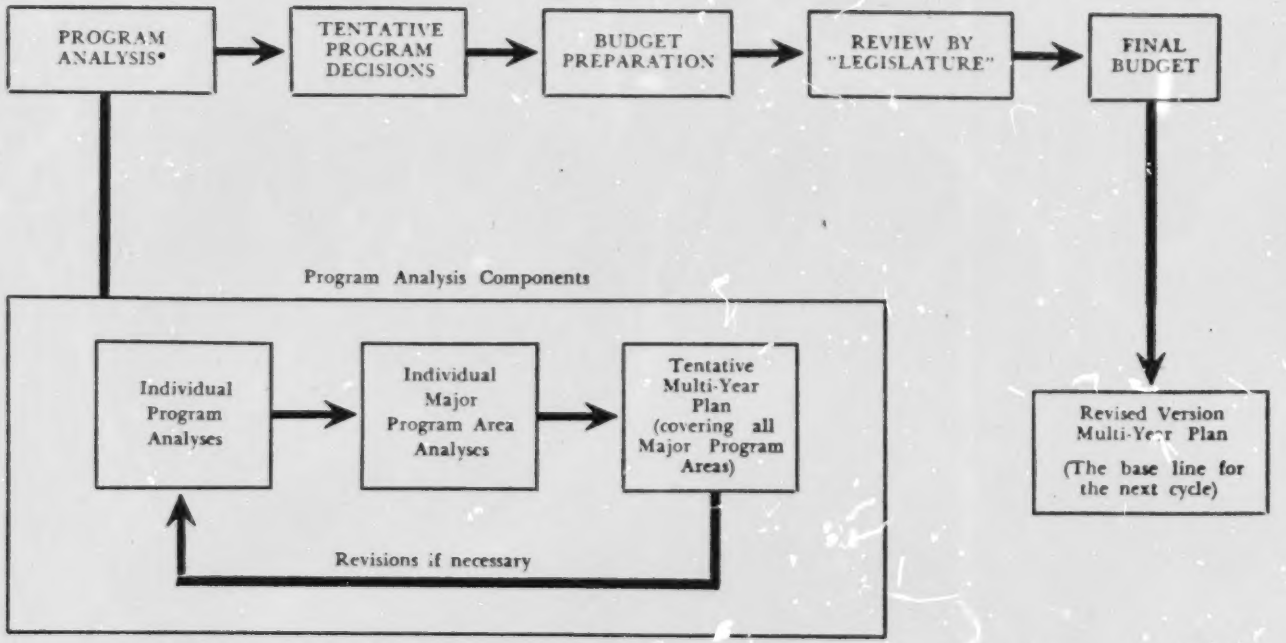
Program memoranda and special analytical studies may deal with a variety of types of information such as expected growth in the total or in segments of the population, trends in earnings and employment, and economic and educational growth patterns. Assumptions made concerning these and other external environmental matters can be very basic to the final conclusions that are drawn.

Environmental assumptions may also be of the internal type; for example, they may concern an agency's organization, its staffing and training or its policies and procedures. Assumptions of this type may, in particular analyses, be no less significant than assumptions concerning the agency's external environment.

Guidance on Analytical Matters

Analytical studies should disclose which methods of analysis were utilized. In particular, they should comment on whether sensitivity

TABLE II. PPB SYSTEM PROCESS (One Cycle)



*The term "Program Analysis" is here used in a very broad sense to encompass all planning-related activities such as cost-effectiveness studies, objective/goal formulation, land-use and facility planning, etc.

Source: State-Local Finances Project, PPB Note 8, p. 2.

analyses were made and the extent to which secondary and indirect costs and benefits were considered or not considered in the analysis.

Sensitivity analysis refers to the determination of how sensitive analytical results and conclusions are to the assumptions made or the data used in an analysis. Decision makers should be made aware of the impact that the alternative analytical assumptions have on the analyses and conclusions presented to them for consideration. Unless this is done both systematically and explicitly, there is a risk that decision makers will not have the perspective they need to properly evaluate analytical conclusions.

In many analyses it may be appropriate to consider, though not necessarily to quantify, secondary and indirect costs and benefits. In general terms, these are costs and benefits which do not accrue directly to the primary agency or program beneficiary. For example, an agency project related to conservation may be of primary benefit to farmers; however, it may also be of some benefit to the general public because of recreational uses that can be associated with the project. The general public benefits may in this particular case be considered secondary benefits. Where secondary and indirect benefits and costs are significant to an analysis, they should be commented on.

In analyses which make use of estimated information which is not entirely verifiable or which may not be precise, the risk of inaccuracy should be pointed out. Under such circumstances, the analysis should incorporate information which would clarify to the decision maker the risk of error inherent in the estimates. Unless the decision maker is made aware of such risks, his perspective on the analytical conclusions may be distorted.

Documentation Required for PPB Studies

The extent of documentary support for PPB reports and analyses will depend on the complexity of the problem area. The documentation should be sufficiently complete to insure that the data sources, assumptions and techniques employed can be comprehended by other analysts without the necessity of consulting the author. Problems involving turnover of personnel, the failing of memory, and the inefficiency involved in attempting to reconstruct an analysis (when necessary) can be minimized by adequate documentation. All agencies should give specific consideration to this problem area and to the potential advantages of having written instructions which describe the documentation required.

IV.

OBJECTIVES, OUTPUT AND ANALYSES

The PPB system requires that the chief executive and his staff perform several tasks that generally have not been associated with conventional budgeting systems.

They should analyze, insofar as possible, the output of a given program in terms of the objectives as specified within the program structure. Again, in the case of highways, the primary question should not be how many miles of concrete are laid. More fundamental considerations would include: what the program produces in terms of swifter, safer, less-congested travel; how many hours of travel time are eliminated; and how many accidents are prevented.

In PPBS language, an output has all of the following properties:[8]

—It is a product (either a good or a service).

—It is a tangible outgrowth of a particular program (i.e., it is the result of a calculated program effort).

—It is the sort of product which can be appropriately singled out as an indicator of program results.

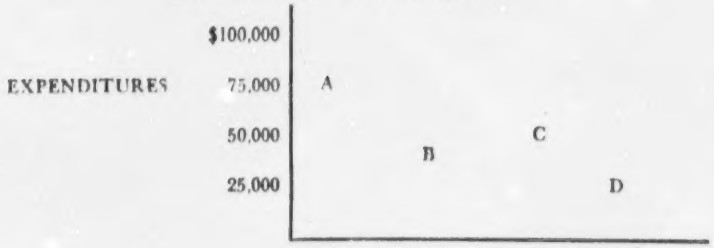
—It is considered by the agency as satisfying an explicit objective or related set of objectives.

In addition, the PPB staff should develop measurements of the total costs of the program, both direct and indirect, not just for one year, but for at least several years ahead. To illustrate, in deciding to build a road or highway they must take into account not only the construction costs, but also, in a qualitative sense, the effects of such a road on the area through which it is to run.

There should be an analysis of alternative means of achieving, at the least cost, the objectives as specified in the program structure.

Illustration

COST-EFFECTIVENESS CHART



A. Emergency Repairs
B. Street Sweeping
C. Snow Removal, Ice Control
D. Seal Coating

[8]Samuel Greenhouse, *Op. Cit.*, p. 274.

The hypothetical chart shown above depicts the relative impact of various sub-elements which comprise Highway Maintenance. For example, the reader will note that the municipality expended approximately $75,000 on its Emergency Repairs activity (point A on the chart) for which it received a relatively insignificant return (.5 on the effectiveness gauge). On the other hand, Seal Coating (point D) produced a substantially greater benefit (8.0 on the effectiveness gauge) at a much lower cost (approximately $25,000). This somewhat simplified comparison suggests the need to reexamine the respective allocations for these sub-elements.

In assessing the impact of various alternative activities, the chief executive should be concerned with the relationship between Highway Maintenance and other parallel activities which support the Highway Safety Program. (See page 15.) Special analytical studies might reveal that while Snow Removal stands up well under a cost-effectiveness test, it could be producing damaged curbstones and thus would require unnecessary expenditures in the Highway Construction and Repair area.

Likewise, greater resources expended for the installation of surface or subsurface drainage facilities may reduce the incidence of frost heaves, washouts and potholes, thus decreasing the resources required for Emergency Street Repairs.

Use of Analysis

Analysis is a method of investigation by which a solution to a complex problem is sought through the separation of the problem into simpler, more understandable elements. Then, by study of the behavior and interaction of these elements, a better understanding of the complex problem is gained. As a reasoned approach to highly complicated problems of choice, analysis can provide agency decision makers with a more rational basis for making such choices.

Requirements for Analysis in Measuring Output

Output measures are used by agencies to quantify program results in order to:

1. monitor progress towards achievement of agency or program goals, and
2. plan current and future program benefits in terms of resource requirements.

Output measures typically represent the things for which agency personnel are held accountable and are expressed in work load units such as number of cases, grants, actions; as agency end products such as number of miles (roads, highways, etc.); as people (assisted, in school, etc.); and in dollar value of output.

These outputs do not directly measure the results of the programs in terms of benefits produced or capabilities attained, and they cannot be directly used as measures of program effectiveness. They may be of value, however, in evaluating the efficiency of organizational units. Without a link between output measures and measures of benefit or effectiveness,

the use of output measures may be self-defeating in that the quality of results may be overlooked in attempts to meet or exceed stated quantitative goals.

Some efforts have been made to link work outputs to measures of the ultimate benefit desired. To the extent this can be accomplished, cost-benefit studies can focus directly on the choice of alternative program levels in terms of output measures.

In determining and/or evaluating output measures, program analysts should ask the following questions:

1. Have the output measures being used been related to measures of expected program effectiveness or benefits? For what program elements?
2. To what extent is information on actual program outputs (or effectiveness or benefits) being collected and documented?
3. Specifically, what use is being made of these data by management, analysts and line agencies?

Systems Analysis

Systems analysis does not have to be and is not coextensive with quantitative analysis. Systems analysis serves only as an aid to policy debate. Too often these debates revolve around a simple list of pros and cons. These often retard the progress of the debate since participants simply repeat their original positions in different words. Systems analysis is designed to improve this process by:

1. uncovering the irrelevant issues;
2. identifying the specific assumptions and factual bases upon which alternative recommendations rest; and
3. tracing out the knowable consequences and costs of each alternative

By this means, systematic analysis is designed to narrow the debate, to focus it on the important issues, and to separate those points about which the judgments of reasonable men can disagree from those which are demonstrably true or false.

Such analysis often involves quantitative estimates. Most of our decisions—in fact all of our budgetary decisions—involve quantitative considerations. For example, consider the question of how many doctors to train and how much state aid to give to out-of-state medical schools for training local students. This question can be debated simply in terms of arguing more or less budget dollars for the program. Alternatively, we can calculate the current and projected ratios of doctors to the population, examine the relationship between the doctor/population ratio and various indices of health, review the distribution of doctors throughout the state, estimate the costs of training doctors, and analyze a host of similar factors. We cannot, of course, measure precisely the advantages to be gained from a program of state aid to out-of-state medical schools, nor can we account for all of the costs. But we can isolate, in quantitative form, a number of key elements

involved in the program. The debate then can proceed in terms of weighing fairly specifically the advantages the state gains from alternative increases in the supply of doctors against the costs of achieving each alternative.

Handled properly, a well-constructed numerical estimate can be worth a thousand words; and PPB seeks to encourage quantitative estimates as part of the systematic analysis of budgetary issues. This, however, does not mean that quantitative estimates are the only elements of systematic analysis; the latter is far broader than the former. Human factors and a decision's intangible elements, which tend to defy measurement, must not be ignored; but that which can be reasonably measured should be measured.

In other words, systems analysis is merely *good* analysis and is not something peculiar to a PPB system. Moreover, it is not necessarily synonymous with computerization or the use of statistics.

V.

STAFFING AND MANPOWER

Some of the responsibilities carried out by PPB staffs in large governmental jurisdictions will have to be carried out in small jurisdictions by existing personnel, in the absence of the more formal PPB system and/or specifically designated staffs. Therefore, the staffs that are given PPB responsibilities cannot in all cases be considered as additional staff solely because of the existence of the system. Presumably, much of the analytical efforts related to such matters as cost, program benefits, effectiveness, identification of meaningful alternatives, and planning estimates (which are some of the major areas in which PPB staffs have an interest) will have been in existence prior to the introduction of PPB and should continue even without the formal system.

Organizational Location

The chief executive and/or his agency heads should take such action as is necessary to insure that line managers participate in the operation of the system and that they have sufficient resources to insure their participation in the development of program memoranda and other documents related to the PPB system.

PPB staffs can be set up at two levels within the organizational hierarchy: a staff at a central level reporting either to a chief executive or his designee, and personnel at the agency or department level reporting to an agency head or his designee. The size and organizational location of the staff will be a function of the size of the service as well as the variety and complexity of the programs that it carries on. However, a word of caution is in order; for PPB to be successful, those individuals who have PPB responsibilites must have direct access to high-level decision makers.

Nature of PPB Work

The next question to be answered is what type of work is undertaken by PPB staffs. In this regard, it might be instructive to review a U. S. General Accounting Office survey which was conducted as part of its study of the implementation of PPB in the federal government. It seems clear on the basis of the information provided that PPB staffs in both the Department of Defense and the civilian agencies spend a significant amount of their PPB time on matters related to program outputs or effectiveness. The information provided also indicates that procedural matters have taken up about as much of these staffs' PPB time (30.2 percent) as has their analysis of program costs (29.6 percent). The following tabulation shows the percentage of total PPB time spent in several types of PPB work by staffs at all levels in the 20 agencies.[9]

	Department of Defense	*20 Civil agencies*	*Combined defense and civil agencies*
PPB procedures (preparation of documents, preparation of instructions, systems design, etc.)	38.5%	18.6%	30.2%
Analysis of program outputs and effectiveness	37.5	40.3	38.7
Cost or resources estimating, analysis, and research	23.4	38.3	29.6
Other	.6	2.8	1.5
	100.0%	100.0%	100.0%

Sources of Supply

The possible sources of supply for PPB staffs depend upon the particular circumstances within the jurisdiction. Manpower sources can be found both externally and internally. External manpower consists of those individuals or groups of individuals who do not work for that particular governmental jurisdiction on a full-time basis but who could be called in to provide expertise in the PPB area. These would include the following:[10]

a) university faculty members, i.e., faculty of schools of public and business administration, economics, urban planning, etc.;

b) business firms with sizable analysis staffs;

c) federal personnel with PPB experience;

d) outside consultants.

Experience in administration or various kinds of systematic analysis is not necessarily an essential requirement for personnel hired in connection with the development of PPB. Jurisdictions can and should consider for employment, at junior and mid-level positions, recent college graduates with concentrations in related and relevant fields of study.

Where jurisdictions face budget limtiations on salary levels which tend to reduce recruitment possibilities, various ad hoc contractual ar-

[9]U. S. General Accounting Office, *Survey of Progress in Implementing the Planning-Programming-Budgeting System in Executive Agencies, Report to the Congress,* July 1969, p. 46.

[10]*State-Local Finances Project, Op. Cit.,* PPB Note 4, p. 9.

rangements can be worked out with colleges, universities, and research and consulting firms. These organizations offer capable personnel with the kind of specialized expertise that is needed to implement a PPB system. Such personnel generally are retained on a full-time, but temporary basis.[11]

However, in opting for this type of temporary arrangement, jurisdictions should not overlook the long-term necessity of developing an in-house staff capability in PPB. While outside assistance may provide a healthy infusion of new expertise and insight into local problems, each jurisdiction also should look inward for the needed skills and staff potential. There is no substitute for the familiarity with on-going programs and internal problems that can be found among existing personnel.

Again, the type of arrangement that a particular governmental jurisdiction decides upon will be contingent upon its own estimates of its needs as opposed to its available resources.

VI.

PROBLEMS IN IMPLEMENTATION

Despite the fact that PPB offers a valuable tool aimed toward the improvement of the decision-making process, there are certain problems inherent in the process which make this system difficult to implement, fully and effectively. To begin with, there is the problem of agency definition of objectives. Determination and implementation of objectives are basic steps in any PPB system. Yet, there are government programs in which there has been a conscious rejection of specific objectives or program purpose definitions. James Wilson, writing in a *Nation of Cities*, states that one of the basic problems affecting policy formulation and development in the area of urban problems is that we do not know what it is that we are trying to accomplish.[12]

To illustrate, the original federal Model Cities legislation nowhere says what is to be done. In other words, there seems to have been a conscious decision made that the best approach to legislating for urban problems is the experimental approach. According to former Secretary of HUD Robert Weaver, the Model Cities program should include new and imaginative proposals. It should provide an opportunity to experiment and should be a laboratory for testing and refining new and better methods for improving the quality of urban life.[13]

It seems apparent that within the framework of the new conceptual

[11] *Ibid.*, p. 10.

[12] James Wilson, "The War on Cities," *A Nation of Cities*, edited by Robert Goldwin (Chicago: Rand McNally, 1968), p. 18.

[13] See *Independent Offices and Department of Housing and Urban Development Appropriations for 1969*, Hearings before Sub-committee of Committee on Appropriations, 90-2, pp. 230-232, 250, 323.

approach to urban problem solving, agencies will find it most difficult to define objectives.

A second problem exists with regard to federal governmental programs. The categorical grant-in-aid inhibits the development of program objectives at the state and local levels. To be eligible to receive such grants, state and local governmental jurisdictions must adhere to federally—determined objectives or forfeit such aid as might be available. As a practical matter, any federal grant "with strings attached" decreases and limits local governments' abilities to establish priorities and determine objectives (which are important aspects of PPB). It does this by enticing state and local units of government into allocating resources for programs for which such federal aid is available on a matching basis.

The grant-in-aid program distorts the effective implementation of PPB in still another manner. The PPB system is based on the concept of the rational allocation of scarce resources within certain budgetary constraints. However, as a result of the grant-in-aid programs, certain state and local fiscal outlays are fixed by law or otherwise relatively uncontrollable through the budget process. Additionally, in many other program areas outlays are also fixed by law. Within the framework of a PPB system, these allocations hardly represent a conscious choice among program alternatives.

An additional requirement of the system calls for systematic analysis of possible alternative objectives and programs to meet these objectives. However, according to William Gorham, formerly of the Department of Health, Education, and Welfare, systematic analysis cannot provide a great deal of assistance in making choices across major program areas (e.g., health vs. transportation) because there is no common denominator for comparing the values of different programs.[14]

A third problem which makes it most difficult to obtain information regarding the specific impact of programs is the definitional problem—i.e., it is most difficult to define and measure output and/or effectiveness. According to Gorham and others, many programs are intended to affect future generations (e.g., a children's program) thereby making immediate effectiveness evaluation a moot question.[15] Gorham also suggests that programs frequently have multiple objectives, and the criteria for measurement are "different and non-addable."[16]

As an illustration, we might look at one of our principal domestic concerns—the problem of poverty. George A. Shipman has suggested that a systematic approach to this problem might center around three essential questions: What is the problem of poverty? What government action will alleviate poverty? How can the effectiveness of such action be measured?[17]

[14]William Gorham, "Sharpening the Knife that Cuts the Pie," *Public Administration Review*, (May/June 1968), p. 239.

[15]*Ibid.*, p. 240.

[16]*Ibid.*, p. 241.

[17]George A. Shipman, "The Problem of Poverty," *Public Administration Review*, (January/February 1968), p. 62.

He lists six ways in which to regard poverty:[18]

1) The first view of poverty emphasizes environmental factors, i.e., poor housing, lack of recreational facilities, etc. This view holds that "people are considered poor if and when they do not have access to these environmental social utilities."
2) The second view of poverty is a purely economically-oriented one—that poverty is a matter of economic inequality of low-income groups in relation to the rest of society.
3) The third approach to poverty emphasizes social and economic mobility. This view is that poverty is a result of social stratification and lack of mobility on the part of the poor.
4) A fourth approach to poverty focuses on social pathology, i.e., alcoholism, mental illness, illiteracy, etc. "The poor are poor because they are victims of the social ills afflicting them, and the presence of these ills tends to perpetuate the pathology."
5) A fifth approach emphasizes the problems of institutional behavior in our society, i.e., police, education, employment, which cause and tend to perpetuate a system which "excludes the participation and the special concerns of the poor, leaving them isolated and powerless . . ."
6) A sixth view holds that poverty can be solved by influencing the operation of the economy as opposed to the delivery of direct services or support to the poor.

Since the causes of poverty can be viewed in any one or a combination of ways, it becomes obvious that one's objectives, in terms of dealing with the problem, can shift or be altered depending upon the definition of poverty that is accepted. Moreover, depending upon one's objectives, different programs can be developed to ameliorate poverty conditions, i.e., the provision of "social utilities," the redistribution of income, the operation of the economy or the improved performance of critical institutions.

However, even if these different strategies are developed and implemented to facilitate poverty reduction or elimination, the question becomes one of how to measure the effectiveness of each action. As Shipman concluded, the technique of cost-benefit analysis is useful only in a very limited way. "Reliable data are lacking, questions of values and preferences are subtle variables, and cause-effect relationships are problematical."[19]

Bertram Gross, testifying before the Subcommittee on Executive Reorganization of the *U. S. Senate Committee on Governmental Operations,* suggested a similar problem with regard to defining output and benefits. Gross stated:

> The input-output benefit terminology used by the new systems analysts originated in econometrics and other forms of economic analysis oriented toward market decision making. Such approaches have but limited relevance to social

[18] *Ibid.*, pp. 62-63.
[19] *Ibid.*, p. 64.

systems, highly intangible services, and programs of federal aid to a tangled complex of interacting agencies with a life of their own and many other sources of finance, information, and control. As a result, the term "output" and "output-oriented" is now being used in a dozen different ways, and "benefit" is too often limited to what can be neatly measured or just as neatly fitted into an agency's stereotyped justifications.[20]

In light of the aforementioned data and testimony, it would seem that thorough evaluation and comparison of program costs and benefits may have to await the introduction of more sophisticated techniques. Even then, there may be certain areas of governmental service that largely defy cost-benefit applications.

A final problem that should be alluded to in reference to the introduction of a PPB system is the political problem. Most major programs come into existence only after a difficult fight on the part of their proponents to muster support from many different interests. Once a fight has been won there is little desire to try and change the program. Additionally, once a program is enacted, it attracts a "vocal constituency of beneficiaries," thereby making it exceedingly difficult to cut the base of the program.[21] A related political problem involves the question of the effectiveness of the bureaucracy (bureaus and agencies) in alliance with its constituent groups and their representatives in the legislature in resisting the implemenation of PPB.

In the preceding pages this author has attempted to illustrate and describe some of the problems inherent in the full and effective implementation of a PPB system. This chapter is not intended to belittle the utility of the system. It is merely a survey of some of the system's weaknesses, as well as an attempt to reiterate the fact that PPB cannot be implemented in a value-free environment.

VII.

SUMMARY AND CONCLUSION

To summarize, PPB is only an instrument to help policy makers assign priorities and allocate resources. It does *not* seek to computerize what is essentially a political process, nor is it intended that the statisticians and cost accountants take over functions that properly belong to the political decision maker. PPB is basically a method of organizing information in a more effective way for decision making, with the aid of modern analytical techniques.

The principal elements of any PPB system are:

1) the precise identification of program objectives;
2) systematic consideration of alternative means of reaching those objectives in terms of their relative benefits and costs;
3) forecasting the future-year cost implications of present decisions.

[20]Bertram M. Gross, "What, Another Hoover Commission?", *Public Administration Review*, (March/April 1968), p. 173.

[21]William Gorham, *Op. Cit.*, p. 237.

The program structure evolves from the nature of the output produced by various agencies. Programs where outputs are closely related are grouped together. Broad program categories are divided into program elements and further divided into sub-elements. This requires that different agencies of government whose activities overlap or are related must vie with each other for resources.

The Multi-Year Program and Financial Plan is a tabular record of an agency's proposed activities projected over a period of years. With such a tool, the executive can begin to visualize the future consequences, in terms of dollars, of current decisions. Thus, the time horizon of budget decisions can be extended beyond the traditionally limited cycle.

Special studies are comprised of in-depth analyses and evaluations of various program objectives and alternate solutions. This constant analysis is the key to PPB. It attempts to provide the executive with a comprehensive and orderly measure of advantages and disadvantages of alternative means of accomplishing various goals, relying heavily on quantitative data. There is no question that analysis of this type strengthens the executive's hand in dealing with subordinate hierarchical levels and improves his ability to coordinate the entire administrative organization. The quality of the analysis will ultimately determine the true effectiveness of PPB. Only the executive, in conjunction with his legislative body, can make the decision as to which course to proceed with; but it is the analysis that influences and guides such decisions. Poor and biased analysis leads to poor decision making.

Finally, the Program Memorandum provides a strategic justification for the major proposals recommended. Ideally, it summarizes the basis for critical policy and budget choices.

It is recognized that the political aspects of budget making must be reckoned with, that certain problems exist which impede implementation of the system, and that the "letter of the law" approach requires the generation of a mass of paperwork and documentation. However, what is equally important to remember is that the achievement of the *purpose* and *spirit* of PPB should overr le any preoccupation with the process of semantic difficulties with the process.

PPB, or a reasonable facsimile of this system, would seem to be an imperative for any modern governmental operation. Whether it actually does the job in providing a more effective and efficient way of attaining desired goals depends upon the governmental executive, his administrative staff, and his legislative body having a firm understanding of the purposes and applications of the system.